



**ROBINSON MCFADDEN**  
ATTORNEYS AND COUNSELORS AT LAW

ROBINSON, MCFADDEN & MOORE, P.C.  
COLUMBIA, SOUTH CAROLINA

August 25, 2014

**VIA ELECTRONIC FILING**

Ms. Jocelyn Boyd  
Chief Clerk & Administrator  
Public Service Commission of South Carolina  
Synergy Business Park, Saluda Building  
101 Executive Center Drive, Suite 100  
Columbia, SC 29210

**Re: Duke Energy Carolinas, LLC's Annual Review of Base Rates for Fuel Costs  
Docket No. 2014-3-E**

Dear Ms. Boyd:

Enclosed for filing please find the Settlement Testimony of Kim H. Smith for Duke Energy Carolinas, LLC in the above-referenced docket. By copy of this letter we are serving the same on the parties of record.

If you have any questions, please let me know.

Yours truly,

ROBINSON, MCFADDEN & MOORE, P.C.

Frank R. Ellerbe, III

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Enclosures

cc: Shannon Bowyer Hudson, Esquire (via email and US Mail)  
Andrew M. Bateman, Esquire (via email and US Mail)  
Scott Elliott, Esquire (via email and US Mail)  
J. Blanding Holman, IV, Esquire (via email and US Mail)  
Timika Shafeek-Horton, Deputy General Counsel (via email)  
Brian L. Franklin, Esquire (via email)

**Frank R. Ellerbe, III**  
1901 MAIN STREET, SUITE 1200  
POST OFFICE BOX 944  
COLUMBIA, SOUTH CAROLINA 29202  
**PH**  
(803) 779-8900 | (803) 227-1112 *direct*  
**FAX**  
(803) 744-1556  
fellerbe@robinsonlaw.com

**BEFORE THE  
PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2014-3-E**

In the Matter of	)	
Annual Review of Base Rates	)	<b>SETTLEMENT TESTIMONY</b>
for Fuel Costs for	)	<b>OF KIM H. SMITH FOR</b>
Duke Energy Carolinas, LLC	)	<b>DUKE ENERGY CAROLINAS, LLC</b>

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1     **Q.     PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2     A.     My name is Kim H. Smith. My business address is 550 South Tyron Street,  
3             Charlotte, North Carolina.

4     **Q.     BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5     A.     I am Rates Manager for Duke Energy Carolinas LLC (“Duke Energy Carolinas”,  
6             “DEC,” or the “Company”).

7     **Q.     HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS DOCKET**

8     A.     Yes, I filed direct testimony supporting the Company’s request for recovery of fuel  
9             costs.

10    **Q.     WHAT IS THE PURPOSE OF THIS TESTIMONY?**

11    A.     This testimony is filed to support the settlement that has been reached among the  
12             Office of Regulatory Staff (“ORS”), the South Carolina Energy Users Committee  
13             (“SCEUC”), and DEC.

14    **Q.     PLEASE DESCRIBE THE ADJUSTMENTS THAT ARE COVERED BY**  
15             **THE SETTLEMENT.**

16    A.     DEC accepted several adjustments proposed by the ORS in its direct testimony.  
17             These adjustments had the effect of reducing the cumulative under-recovery of base  
18             fuel costs for the period June 2013 through May 2014. These adjustments are  
19             described in paragraphs 4 and 6 of the Settlement Agreement:

- 20             ○ \$2,418,974 relating to revisions to carrying costs collected on excess coal  
21             inventory during the review period.
- 22             ○ \$490,428 to disallow recovery of replacement fuel relating to an extended outage  
23             of the Marshall Unit 3 generating plant.

- 1                   ○ \$97,941 from a settlement with a contractor relating to an outage reviewed in last  
2                   year's fuel proceeding. DEC had proposed sharing the \$97,941 with customers  
3                   through a rider but accepted the ORS recommendation that it be applied to  
4                   reduce the under-recovery balance.
- 5                   ○ \$8,173 to adjust for sales taxes on reagent purchases during the review period.

6   **Q.   PLEASE DESCRIBE THE DEFERRAL THAT IS PROPOSED IN THE**  
7   **SETTLEMENT.**

8   A.   The parties to the settlement are asking this Commission to approve a deferral of the  
9       recovery of \$18 million of the Company's under-collected balance for the review  
10      period. If the deferral is approved, DEC will delay the recovery of that \$18 million  
11      for a year. The Company would charge and accrue carrying costs on that amount  
12      while it is being deferred and then begin collecting the \$18 million during the period  
13      beginning on October 1, 2015. This proposed deferral does not have any effect on  
14      the deferral approved in last year's DEC fuel case, Docket No. 2013-3-E.

15   **Q.   DO YOU REQUEST ON BEHALF OF DEC THAT THE COMMISSION**  
16   **APPROVE THE SETTLEMENT AGREEMENT?**

17   A.   Yes. We think that the Settlement Agreement represents a fair resolution of the  
18      issues presented in this proceeding and that approval would be in the public interest.

19   **Q.   DOES THIS CONCLUDE YOUR PRE-FILED SETTLEMENT**  
20   **TESTIMONY?**

21   A.   Yes.

**BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA  
DOCKET NO. 2014-3-E**

In Re: )  
 )  
Annual Review of Base Rates for )  
Fuel Costs for Duke Energy Carolinas, LLC )

**CERTIFICATE OF SERVICE**

This is to certify that I, Toni C. Hawkins, a Paralegal with the law firm of Robinson, McFadden & Moore, P.C., have this day caused to be served upon the person(s) named below the **Settlement Testimony of Kim H. Smith** in the foregoing matter by placing a copy of same in the United States Mail, postage prepaid, in an envelope addressed as follows:

Shannon Bowyer Hudson, Esquire  
Andrew M. Bateman, Esquire  
Office of Regulatory Staff  
1401 Main Street, Suite 900  
Columbia, SC 29201

Scott Elliott, Esquire  
Elliott & Elliott, P.A.  
1508 Lady Street  
Columbia, SC 29201

J. Blanding Holman, IV, Esquire  
Southern Environmental Law Center  
43 Broad Street, Suite 300  
Charleston, SC 29401

Dated at Columbia, South Carolina this 25<sup>th</sup> day of August, 2014.



Toni C. Hawkins